

Estimated Hearing Date: February 15, 2019 at 9:30 a.m. (Atlantic Standard Time)

Objection Deadline: December 6, 2018 at 4:00 p.m. (Atlantic Standard Time)

UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.<sup>1</sup>

PROMESA

Title III

No. 17 BK 3283-LTS

**Re: ECF Nos. 1063, 1150, 1715,  
3269**

(Jointly Administered)

**SUMMARY OF FOURTH INTERIM APPLICATION OF O'MELVENY & MYERS LLP  
FOR ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED AND FOR  
REIMBURSEMENT OF EXPENSES AS COUNSEL TO THE PUERTO RICO FISCAL  
AGENCY AND FINANCIAL ADVISORY AUTHORITY FOR THE PERIOD FROM  
JUNE 1, 2018 THROUGH SEPTEMBER 30, 2018**

Name of Applicant:	O'Melveny & Myers LLP
Authorized to Provide Professional Services to:	Puerto Rico Fiscal Agency and Financial Advisory Authority (" <u>AAFAF</u> ") as the entity authorized to act on behalf of the Commonwealth of Puerto Rico
Period for which compensation and reimbursement are sought:	June 1, 2018 through September 30, 2018
Amount of Compensation sought as actual, reasonable, and necessary:	\$4,967,118.86

<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

Amount of Expense Reimbursement sought as \$125,613.01  
actual, reasonable, and necessary:

This is a(n): \_\_\_ monthly X interim \_\_\_ final application

- Blended Rate in this application for attorneys: \$794 /hr
- Blended Rate in this application for all timekeepers: \$700/hr

**Prior Monthly Fee Statements:**

<b>Compensation Period</b>	<b>Fees Requested</b>	<b>Expenses Requested</b>
May 3, 2017 - May 31, 2017	\$2,048,886.95	\$38,076.22
June 1, 2017 - June 30, 2017	\$2,019,150.05	\$42,703.98
July 1, 2017 - July 31, 2017	\$1,463,365.30	\$14,041.60
August 1, 2017 - August 31, 2017	\$2,269,785.59	\$35,660.50
September 1, 2017 - September 30, 2017	\$2,192,078.21	\$53,644.33
October 1, 2017 - October 31, 2017	\$1,713,317.35	\$20,978.93
November 1, 2017 - November 30, 2017	\$2,016,058.90	\$14,978.51
December 1, 2017 - December 31, 2017	\$1,911,030.47	\$50,773.84
January 1, 2018 - January 31, 2018	\$1,924,690.87	\$35,684.27
February 1, 2018 - February 28, 2018	\$1,616,970.91	\$33,903.35
March 1, 2018 - March 31, 2018	\$1,841,854.86	\$35,454.35
April 1, 2018 - April 30, 2018	\$1,619,214.28	\$13,499.11
May 1, 2018 - May 31, 2018	\$1,851,763.31	\$18,580.83
June 1, 2018 - June 30, 2018	\$1,900,914.83	\$22,905.47
July 1, 2018 - July 31, 2018	\$2,490,156.76	\$66,078.78
August 1, 2018 - August 31, 2018	\$1,873,894.98	\$21,508.39
September 1, 2018 - September 30, 2018	\$909,216.48	\$22,647.11
<b>TOTAL INCURRED:</b>	<b>\$31,662,350.10</b>	<b>\$541,119.57</b>

**Payments Made to Date:<sup>2</sup>**

<b>Compensation Period</b>	<b>Fees Paid</b>	<b>Expenses Paid</b>
May 3, 2017 - May 31, 2017	\$1,843,998.26	\$38,076.22
June 1, 2017 - June 30, 2017	\$1,817,235.05	\$42,703.98
July 1, 2017 - July 31, 2017	\$1,317,028.77	\$14,041.60
August 1, 2017 - August 30, 2017	\$2,042,807.03	\$35,660.50
September 1, 2017 - September 30, 2017	\$1,972,870.39	\$53,644.33
October 1, 2017 - October 31, 2017	\$1,541,985.61	\$20,978.93
November 1, 2017 - November 30, 2017	\$1,814,453.01	\$14,978.51
December 1, 2017 - December 31, 2017	\$1,719,927.42	\$50,773.84
January 1, 2018 - January 31, 2018	\$1,732,221.78	\$35,684.27
February 1, 2018 - February 28, 2018	\$1,616,970.91	\$33,903.35
March 1, 2018 - March 31, 2018	\$1,841,854.86	\$35,454.35
April 1, 2018 - April 30, 2018	\$1,619,214.28	\$13,499.11
May 1, 2018 - May 31, 2018	\$1,851,763.31	\$18,580.83
<b>TOTAL PAID:</b>	<b>\$22,732,330.68</b>	<b>\$407,979.82</b>

<sup>2</sup> This payment chart does not include any holdback amounts paid to date.

**TABLE OF SCHEDULES AND EXHIBITS**

Schedule A - List and Summary of Hours by Professional

Schedule B - Summary of Hours and Compensation by Matter Code

Schedule C - Expense Summary

Schedule D - Customary and Comparable Disclosures

Exhibit A - Attorney Certification

Exhibit B1-B4 - Detailed Time and Expense Records

**Schedule A**

**LIST AND SUMMARY OF HOURS AND COMPENSATION BY PROFESSIONAL<sup>3</sup>**

<b>Name</b>	<b>Title or Position</b>	<b>Hourly Rate Billed in this Application</b>	<b>Hours Billed in this Application</b>	<b>Total Compensation</b>
AMALIA Y. SAX-BOLDER	Associate	\$624.75	530.9	\$331,680.23
AMBER L. COVUCCI	Associate	\$624.75	26.1	\$16,306.08
ALOK KUMAR	Temp Attorney <sup>4</sup>	\$70.00	42.5	\$2,975.00
ANDREW NADLER	Paralegal	\$314.50	291.2	\$91,582.40
ANDREW SORKIN	Counsel	\$688.50	71.6	\$49,296.60
ASHLEY PAVEL	Counsel	\$692.75	515.2	\$356,910.03
BRANDON D. HARPER	Associate	\$624.75	303.0	\$189,299.50
BRETT M. NEVE	Associate	\$624.75	389.5	\$243,340.52
BRIAN M. ARKIN	Project Assistant	\$127.50	48.9	\$6,234.75
DANIEL S. SHAMAH	Partner	\$748.00	12.2	\$9,125.60
DIANA M. PEREZ	Counsel	\$739.50	138.1	\$102,124.95
ELIZABETH L. MCKEEN	Partner	\$807.50	371.7	\$300,147.75
FABIOLA TORCHON	Temp Attorney	\$70.00	48.0	\$3,360.00
GARO HOPLAMAZIAN	Counsel	\$709.75	241.7	\$171,546.81
HUMBERTO GONZALEZ	Temp Attorney	\$70.00	51.5	\$3,605.00
IRENE BLUMBERG	Associate	\$412.25	565.0	\$232,921.91
JACOB T. BEISWENGER	Counsel	\$646.00	481.8	\$311,242.80
JASON M. MONTALVO	Lit Supp Spec	\$246.50	115.1	\$28,372.15
JEFFREY CRANDALL	Temp Attorney	\$70.00	48.0	\$3,360.00
JOHN J. RAPISARDI	Partner	\$1,147.50	257.3	\$295,251.75
JOHN PAOLO DALOG	Paralegal	\$204.00	51.8	\$10,567.20
JON ESPINOZA	Lit Supp Spec	\$225.25	11.9	\$2,680.49
JOSEPH A. SPINA	Associate	\$624.75	270.6	\$169,057.76
JOSEPH L. ROTH	Associate	\$454.75	348.2	\$158,344.36
JOSEPH ZUJKOWSKI	Counsel	\$739.50	133.3	\$98,575.35
LORENA ORTEGA	Staff Attorney	\$335.75	316.3	\$106,197.96
MADHU POCHA	Counsel	\$697.00	328.5	\$228,964.50
MARIA J. DICONZA	Partner	\$850.00	107.3	\$91,205.00
MARO ORTE	Temp Attorney	\$70.00	48.0	\$3,360.00
MARY-LYNNE BANCONE	Librarian	\$148.75	15.1	\$2,246.14
MATTHEW GILL	Associate	\$620.50	12.5	\$7,756.25
MATTHEW HINKER	Counsel	\$743.75	133.3	\$99,142.11
MATTHEW P. KREMER	Counsel	\$688.50	60.7	\$41,791.95
MICHAEL F. LOTITO	Counsel	\$709.75	108.1	\$76,724.14
NANCY MITCHELL	Partner	\$1,015.75	86.2	\$87,557.95
PETER FRIEDMAN	Partner	\$871.25	329.2	\$286,816.00
RICHARD HOLM	Associate	\$650.25	222.2	\$144,485.81
ROBERT NEWCOMBE	Litigation Tech	\$246.50	20.9	\$5,151.85
SAMANTHA M. INDELICATO	Associate	\$412.25	12.4	\$5,111.91

<sup>3</sup> Prior to the submission of this Interim Fee Application, OMM has voluntarily wrote off 67.4 hours and \$31,126.19 in fees incurred by all timekeepers billing less than 10 hours during this Compensation Period.

<sup>4</sup> Pursuant to agreement with AAFAF, all contract/temp attorneys are billed to AAFAF at cost and it is purely a pass through expense of OMM.

<b>Name</b>	<b>Title or Position</b>	<b>Hourly Rate Billed in this Application</b>	<b>Hours Billed in this Application</b>	<b>Total Compensation</b>
SHEILA AGNEW	Temp Attorney	\$70.00	38.0	\$2,660.00
SUNG PAK	Partner	\$807.50	35.6	\$28,747.00
SUZZANNE UHLAND	Partner	\$1,062.50	219.0	\$232,687.50
VICTOR M. NAVARRO	Litigation Tech	\$204.00	91.2	\$18,604.80
VICTORIA C. HARGIS	Associate	\$454.75	106.3	\$48,340.09
WILLIAM SUSHON	Partner	\$871.25	269.8	\$235,063.59
YAIRA DUBIN	Associate	\$650.25	40.9	\$26,595.32
<b>GRAND TOTAL</b>			<b>7966.6</b>	<b>\$4,967,118.86</b>

**Schedule B**

**SUMMARY OF HOURS AND COMPENSATION BY MATTER CODE**

<b>Task Code</b>	<b>Total Billed Hours</b>	<b>Total Fees Requested</b>
<i><b>Commonwealth Title III Case</b></i>		
<b>ASSET ANALYSIS AND RECOVERY</b>	4.4	\$2,748.90
<b>ASSUMPTION AND REJECTION OF LEASES AND CONTRACTS</b>	1.9	\$1,824.95
<b>BUSINESS OPERATIONS</b>	16.8	\$13,509.90
<b>CASE ADMINISTRATION</b>	688.3	\$325,259.41
<b>CLAIMS ADMINISTRATION AND OBJECTIONS</b>	62.8	\$46,695.62
<b>CORPORATE GOVERNANCE AND BOARD MATTERS</b>	233.2	\$172,413.55
<b>EMPLOYEE BENEFITS AND PENSIONS</b>	10.2	\$7,416.68
<b>FEE APPLICATION OBJECTIONS</b>	0.2	\$147.90
<b>FEE APPLICATIONS</b>	154.0	\$97,687.69
<b>HEARINGS</b>	17.0	\$11,267.61
<b>LITIGATION</b>	1,875.9	\$990,406.04
<b>MEDIATION</b>	160.5	\$129,267.69
<b>MEETINGS AND COMMUNICATIONS WITH CREDITORS</b>	29.2	\$14,605.17
<b>PLAN OF ADJUSTMENT</b>	414.8	\$296,777.80
<b>RELIEF FROM STAY AND ADEQUATE PROTECTION</b>	27.7	\$20,090.21
<b>REPORTING</b>	232.1	\$132,331.26
<b>TAX</b>	0.4	\$295.80
<b>VENDOR AND OTHER CREDITOR ISSUES</b>	4.0	\$2,985.20
<b>COMMONWEALTH TOTAL</b>	<b>3,933.4</b>	<b>\$2,265,731.38</b>
<i><b>Non-Title III and Other Matters</b></i>		
<b>AMBAC ASSURANCE CORPORATION V. COMMONWEALTH OF PUERTO RICO, ET AL.</b>	341.3	\$218,283.18
<b>ASOCIACIÓN DE PROFESORAS Y PROFESORES DEL RECINTO UNIVERSITARIO DE MAYAGÜEZ, INC. V. COMMONWEALTH OF PUERTO RICO, ET AL.</b>	90.0	\$58,256.58
<b>ASSURED GUARANTY CORP., ET AL. V. COMMONWEALTH OF PUERTO RICO, ET AL.</b>	120.5	\$71,346.57
<b>COMMONWEALTH - CORPORATE AND FOMB MATTERS</b>	1,981.2	\$1,427,226.70
<b>COMMONWEALTH - PENSIONS</b>	114.5	\$82,732.79
<b>FOMB INVESTIGATION</b>	854.5	\$434,630.34
<b>JRS/TRS</b>	31.5	\$21,406.40
<b>MBA</b>	13.6	\$11,532.80
<b>PBA</b>	206.8	\$152,329.93
<b>COMMONWEALTH - PREPA</b>	24.5	\$17,365.10
<b>PRIDCO</b>	19.4	\$15,109.70

<b>Task Code</b>	<b>Total Billed Hours</b>	<b>Total Fees Requested</b>
<b>PRIFA</b>	40.0	\$29,748.31
<b>ROSSELLO V. FOMB</b>	108.7	\$74,389.15
<b>UPR</b>	154.1	\$118,156.12
<b>NON-TITLE III TOTAL</b>	<b>4,100.6</b>	<b>\$2,732,513.67</b>
<b>SUBTOTAL</b>	<b>8,034.0</b>	<b>\$4,998,245.05</b>
<b>LESS ADJUSTMENTS FOR TRANSITORY TIMEKEEPERS<sup>5</sup></b>	<b>(67.4)</b>	<b>(\$31,126.19)</b>
<b>GRAND TOTAL</b>	<b>7,966.6</b>	<b>\$4,967,118.86</b>

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<sup>5</sup> See footnote 4.



**Schedule C**

**EXPENSE SUMMARY**

<b>Category</b>	<b>Amount</b>
Copying	\$152.40
Court/Filing Fees	\$1,699.30
Data Hosting/ Relativity	\$10,591.03
Delivery Services	\$104.78
Experts	\$44,166.00
Printing	\$6,602.80
Local Travel	\$1,205.99
Meals	\$578.37
Online Research	\$15,831.58
Out-of-Town Travel	\$39,448.54
Other Professional Services	\$5,232.22
<b>Grand Total</b>	<b>\$125,613.01</b>

**Schedule D**

**CUSTOMARY AND COMPARABLE DISCLOSURES**

<b>Category of Timekeeper</b>	<b>Blended Hourly Rate</b>	
	<b>Billed OMM's Domestic Offices for FY2018 (Excluding Restructuring Matters)</b>	<b>Billed This Case During the Compensation Period</b>
Partner	1,030	960
Counsel/Associate	659	628
Paralegal/Other	281	249
Aggregated	738	700

**UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.<sup>1</sup>

PROMESA

Title III

No. 17 BK 3283-LTS

**Re: ECF Nos. 1063, 1150, 1715,  
3269**

(Jointly Administered)

**FOURTH INTERIM APPLICATION OF O'MELVENY & MYERS LLP FOR  
ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED AND FOR  
REIMBURSEMENT OF EXPENSES AS COUNSEL TO THE PUERTO RICO FISCAL  
AGENCY AND FINANCIAL ADVISORY AUTHORITY FOR THE PERIOD FROM  
JUNE 1, 2018 THROUGH SEPTEMBER 30, 2018**

O'Melveny & Myers LLP ("OMM"), as counsel to the Puerto Rico Fiscal Agency and Financial Advisory Authority ("AAFAF") as the entity authorized to act on behalf of the Commonwealth of Puerto Rico, the Puerto Rico Sales Tax Financing Corporation, the Puerto Rico Highways and Transportation Authority, the Employees Retirement System of the Government of the Commonwealth of Puerto Rico, the Puerto Rico Electric Power Authority (collectively, the "Debtors"), and certain other public corporations and instrumentalities of the Government of

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<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

Puerto Rico, pursuant to the authority granted to it under the *Enabling Act of the Fiscal Agency and Financial Advisory Authority, Act 2-2017*, makes its fourth interim application (this “Application”) for allowance of compensation, under sections 316 and 317 of PROMESA, of \$4,967,118.86 and reimbursement of expenses of \$125,613.01 for the period from June 1, 2018 through September 30, 2018 (the “Compensation Period”) in accordance with (i) the *First Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, dated November 8, 2017 [ECF No. 1150], as amended [ECF Nos. 1715, 3269] (the “Interim Compensation Order”), and (ii) the *Memorandum Regarding Fee Review – Timeline and Process*, dated November 10, 2017 (the “Fee Examiner Guidelines”). In support of this Application, OMM respectfully states as follows:

### **BACKGROUND**

1. On May 3, 2017, the Commonwealth of Puerto Rico (the “Commonwealth”), by and through the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as the Commonwealth’s representative pursuant to section 315(b) of PROMESA, filed a petition with the Court under title III of PROMESA.

2. On May 5, 2017, the Puerto Rico Sales Tax Financing Corporation (“COFINA”), by and through the Oversight Board, as COFINA’s representative pursuant to PROMESA section 315(b), filed a petition with the Court under title III of PROMESA.

3. On May 21, 2017, the Puerto Rico Highways and Transportation Authority (“HTA”), by and through the Oversight Board, as HTA’s representative pursuant to PROMESA section 315(b), filed a petition with the Court under title III of PROMESA.

4. On May 21, 2017, the Employees Retirement System for the Commonwealth of Puerto Rico (“ERS”), by and through the Oversight Board, as ERS’s representative pursuant to PROMESA section 315(b), filed a petition with the Court under title III of PROMESA.

5. On July 3, 2017, the Puerto Rico Electric Power Authority (“PREPA”), by and through the Oversight Board, as PREPA’s representative pursuant to PROMESA section 315(b), filed a petition with the Court under title III of PROMESA.

6. Through Orders of this Court, the Commonwealth, COFINA, HTA, ERS, and PREPA Title III Cases (together, the “Title III Cases”) are jointly administered for procedural purposes only, pursuant to PROMESA section 304(g) and Bankruptcy Rule 1015 [ECF Nos. 242, 537, 1417].

7. On October 6, 2017, the Court entered the *Order Pursuant to PROMESA Sections 316 and 317 and Bankruptcy Code Section 105(a) Appointing a Fee Examiner and Related Relief* [ECF No. 1416], which appointed Brady Williamson of Godfrey & Kahn, S.C. to serve as Fee Examiner in the Title III Cases. To date, OMM has worked cooperatively with the Fee Examiner to ensure that AAFAF is provided with cost-effective and efficient services.

8. On December 15, 2017, OMM filed the *First Interim Application of O’Melveny & Myers LLP for Allowance of Compensation for Services Rendered and for Reimbursement of Expenses as Counsel to the Puerto Rico Fiscal Agency and Advisory Authority for the Period From May 3, 2017 through September 30, 2017* [ECF Nos. 2062] (“OMM Commonwealth First Interim Fee Application”) seeking compensation in the amount of \$9,990,147.15, and reimbursement of expenses in the amount of \$184,126.63.

9. Pursuant to the *Fee Examiner’s Initial Report*, filed on March 1, 2018 (the “Initial Report”), the Fee Examiner recommended approval for \$9,727,222.50 in fees and \$173,088.87 in expenses in connection with the OMM Commonwealth First Interim Fee Application [ECF No. 2645]. On March 7, 2018, such fees and expenses were approved pursuant to the *Omnibus Order Award Interim Allowance of Compensation for Professional Services Rendered and*

*Reimbursement of Expenses for the First Interim Compensation Period from May 3, 2017 through September 30, 2017* [ECF No. 2685] (the “First Omnibus Compensation Order”).

10. On March 19, 2018, OMM filed the *Second Interim Application of O’Melveny & Myers LLP for Allowance of Compensation for Services Rendered and for Reimbursement of Expenses as Counsel to the Puerto Rico Fiscal Agency and Advisory Authority for the Period From October 1, 2017 through January 31, 2018* [ECF No. 2758] (“OMM Commonwealth Second Interim Fee Application”) seeking compensation in the amount of \$7,565,097.59, and reimbursement of expenses in the amount of \$122,415.55.

11. Pursuant to the *Fee Examiner’s Second Report on Professional Fees and Expenses (October 1, 2017–January 31, 2018)*, filed on May 30, 2018 (the “Second Report”), the Fee Examiner recommended approval for \$7,515,279.22 in fees and \$121,120.48 in expenses in connection with the OMM Commonwealth Second Interim Fee Application [ECF No. 3193]. On June 8, 2018, such fees and expenses were approved pursuant to the *Omnibus Order Awarding Interim Allowance of Compensation for Professional Services Rendered and Reimbursement of Expenses for the First Interim Compensation Period from October 1, 2017 through January 31, 2018* [ECF No. 3279] (the “Second Omnibus Compensation Order”).

12. On July 19, 2018, OMM filed the *Third Interim Application of O’Melveny & Myers LLP for Allowance of Compensation for Services Rendered and for Reimbursement of Expenses as Counsel to the Puerto Rico Fiscal Agency and Advisory Authority for the Period From February 1, 2018 through May 31, 2018* [ECF No. 3581] (“OMM Commonwealth Third Interim Fee Application”) seeking compensation in the amount of \$6,871,237.76, and reimbursement of expenses in the amount of \$101,437.64.

### **COMPENSATION REQUESTED BY OMM**

13. During the Compensation Period, OMM executed (i) an engagement letter with AAFAF and the Puerto Rico Treasury Department for all work related to the pending Title III cases during Puerto Rico's 2019 fiscal year (the "Title III Engagement Letter"), and (ii) a separate engagement letter with AAFAF for all work unrelated to the pending Title III cases during Puerto Rico's 2019 fiscal year (the "Non-Title III Engagement Letter" and together with the Title III Engagement Letter, the "Engagement Letters"). OMM has also (i) agreed to be paid directly by the Government Development Bank ("GDB") for all OMM work related to the GDB Title VI restructuring during Puerto Rico's 2019 fiscal year,<sup>2</sup> and (ii) signed engagement letters with both the Puerto Rico Electric Power Authority ("PREPA") and the Puerto Rico Aqueduct and Sewer Authority ("PRASA") for services to be provided to these agencies during Puerto Rico's 2019 fiscal year (hereinafter, the "PREPA Engagement Letter" and the "PRASA Engagement Letter").

14. OMM's hourly rates are set at a level designed to compensate OMM fairly for the work of its attorneys and paraprofessionals and are disclosed in detail in the Engagement Letter. In light of the unique facts and circumstances of Puerto Rico's debt restructuring, OMM agreed to provide a 15% discount on all fees incurred under the Engagement Letters, which is reflected in all Monthly Fee Statements submitted during the Compensation Period.

15. OMM's rates are appropriate for complex corporate, securities, litigation, and restructuring matters, whether in court or otherwise. The rates and rate structure reflect that such complex matters typically involve great complexity, high stakes, and intense time pressures. OMM submits that the compensation requested is reasonable in light of the nature, extent, and value of such services provided to AAFAF.

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<sup>2</sup> As a result of OMM's agreement with GDB, OMM will no longer be including its invoices related to GDB work in its interim fee applications or monthly fee statements.

16. During the Compensation Period, OMM did not receive any payments or promises of payment from any other source for services rendered or to be rendered in any capacity whatsoever in connection with the matters covered by this Application. There is no agreement or understanding between OMM and any other person, other than partners of the firm, for sharing of compensation to be received for services rendered in these cases.<sup>3</sup>

### **SUMMARY OF SERVICES**

17. The Compensation Period was an extremely busy and productive time for OMM in connection with both the Title III Cases and out-of-court restructuring efforts related to other entities and instrumentalities. Detailed descriptions of the specific services provided and the time expended performing such services are attached as **Exhibits B1-B4**, and a summary of the services OMM provided during the Compensation Period is set forth below and in the summaries for each of the main invoice tasks codes.

#### ***Achievement of COFINA Plan Support Agreement***

18. At the beginning of the Compensation Period, an agreement in principle (the “Agent Agreement”) was reached between the agents appointed by the Oversight Board to litigate the “Commonwealth-COFINA Dispute” regarding ownership of the sales and use taxes purportedly transferred by the Commonwealth to COFINA to secure repayment of certain COFINA indebtedness. OMM worked with AAFAF’s other professional advisors to analyze the Agent Agreement, present related recommendations to the Government of Puerto Rico, and prepare for the July mediation sessions that were scheduled to attempt to expand the Agent

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<sup>3</sup> At AAFAF’s request, OMM engaged contract attorneys to provide document review services in connection with certain litigation matters at discounted rates. The fees for such contract attorneys were billed to AAFAF at cost and disclosed in OMM’s fee applications.



Agreement into an agreement on the terms of a COFINA plan of adjustment supported by COFINA's key constituencies. With the invaluable assistance of the mediation panel, and after several weeks of intense, good faith mediation sessions in which OMM was a key participant, the mediation sessions resulted in an agreement in principle announced on August 8, 2018 on the high level terms of a COFINA plan of adjustment. OMM was also at the forefront of several weeks of in-person negotiation sessions that further expanded the August 8, 2018 agreement in principle into the COFINA Plan Support Agreement and accompanying plan term sheet signed on August 29, 2018 (the "COFINA PSA") by the Oversight Board, AAFAF, COFINA, and key holders and insurers of COFINA's outstanding bond debt. The COFINA PSA was subsequently amended on September 20, 2018 to include several additional large creditors as signatories.

19. Following execution of the COFINA PSA, OMM played a key role in preparation of the COFINA plan of adjustment (the "COFINA Plan"), the related disclosure statement, the motion to approve the Commonwealth-COFINA settlement incorporated into the COFINA PSA, and the various other documents contemplated under the COFINA PSA (including a draft of the new COFINA legislation required under the PSA and the indenture for the new bond debt contemplated under the COFINA Plan). These complex and voluminous documents were negotiated on a compressed time frame and filed by the deadlines set forth in the COFINA PSA.

20. If the transactions contemplated under the COFINA PSA and the COFINA Plan are implemented, COFINA's debt restructuring will represent a one-third reduction in the aggregate debt of COFINA and savings of \$17.5 billion in future debt service payments. The COFINA PSA also provides the framework for a historic consensual restructuring transaction, which will allow both COFINA and the Commonwealth to avoid the substantial costs and uncertainties associated with continued litigation in the absence of a consensual deal.

### ***Fiscal Plan***

21. During the Compensation Period, OMM also worked extensively with AAFAF and other government officials endeavoring to bridge the gap with the Oversight Board with respect to Fiscal Plan and Budget issues — and where agreement could not be reached, OMM worked with AAFAF to protect the important policy making functions of the Puerto Rico government. OMM worked extensively with AAFAF and its other professional advisors not only in preparation of the revised Fiscal Plan submitted to the Oversight Board on August 20, 2018 but also in connection with:

- Preparation and submission of a written statement to the U.S. Congress pursuant to section 205 of PROMESA regarding certain policy initiatives in the Oversight Board's June 29 Fiscal Plan.
- The filing an adversary complaint against the Oversight Board, each individual board member, and the Executive Director, challenging whether the Oversight Board has the authority to impose policy initiatives on the government through a fiscal plan and/or budget.
- Defense against the Oversight Board's motion to dismiss the adversary complaint on an expedited basis, including filing response and reply briefs.
- Preparation for and attendance at the hearing on motion to dismiss before Judge Swain on July 25, 2018.
- Preparation and filing of a motion requesting that the Court certify its order granting, in part, the Oversight Board's motion to dismiss.
- Preparation and filing of a petition with the United States Court of Appeals for the First Circuit requesting that the First Circuit accept an interlocutory appeal from the Court's order.
- Responding to extensive Rule 2004 discovery requests from creditors related to the fiscal plan.

### ***Financial Statements and Reporting Obligations***

22. During the Compensation Period, OMM reviewed and revised the Commonwealth's 2015 audited financial statements, which were publically released on June 30,

2018. As part of this process, O'Melveny updated the Management's Discussion and Analysis section, added analysis regarding the Commonwealth's going concern, uncertainties and liquidity risk, and updated the Subsequent Events note to include all material developments through June 29, 2018. These updates included a detailed description of PROMESA, the filing of the Title III cases and key developments therein, the status of key creditor litigation, and the developments related to consensual restructuring agreements under Title VI. OMM also continued to assist AAFAF on the monthly reports provided to the Oversight Board and uploaded to the creditor data room.

### ***Other Restructuring Efforts***

23. Finally, OMM successfully advanced the out-of-court restructuring efforts of several other entities and instrumentalities. For example, during the Compensation Period OMM:

- Analyzed potential restructuring transactions for the Puerto Rico Public Building Authority ("PBA"), continued discussions with two different ad hoc creditor groups regarding a potential forbearance agreement, and assisted PBA in responding to various due diligence inquiries from such groups.
- Negotiated a six month forbearance with an ad hoc group of University of Puerto Rico ("UPR") bondholders, prepared for and attended mediation regarding the suspension of lump-sum payments to participants in UPR's deferred compensation plan, and, following the successful completion of mediation, assisted in negotiating and finalizing a related settlement agreement; and
- Engaged in dialogue regarding potential loan modifications for the Puerto Rico Metropolitan Bus Authority and the General Services Administration and conferred with Scotia Bank regarding the same.

24. As a result of all of these various work streams, OMM submits that the fees and expenses for which it seeks approval were reasonable and necessary. All fees were also billed at a 15% discount to OMM's hourly rates.

25. Additionally, OMM has established subject matters categories (each, a "Matter Category") for keeping time records of the work performed for the Debtors. The following is a

summary, by Matter Category, of the professional services provided by OMM during the Compensation Period.<sup>4</sup>

**a) Case Administration**

26. This category includes all matters relating to general case administration and coordination, and serves as a general code for services performed that do not fit under any other specific code. During the Compensation Period, OMM prepared daily and weekly updates detailing each filing and pleading in the Title III cases and related adversary proceedings, and kept an up-to-date master litigation calendar. OMM attorneys continually updated the key documents library for client reference, consisting of significant substantive court decisions, prior work product, and research memoranda. Additionally, OMM attorneys worked with AAFAF to facilitate the payment of fees for Title III professionals.

**b) Corporate Governance**

27. This category includes all corporate governance advice provided in connection with the Title III cases, including correspondence and other communication with the Oversight Board and monitoring compliance with the Commonwealth's Fiscal Plan. During the Compensation Period, OMM assisted AAFAF with various issues related to the fiscal plans and legislative initiatives. OMM attorneys monitored, and frequently attended, the Oversight Board public listening sessions. OMM attorneys also reviewed and analyzed Oversight Board policies relating to Executive Orders. Additionally, OMM attorneys drafted responses to credit requests for disclosure of fiscal plan development materials. This category also consists of meetings with creditors, financial advisors, and the restructuring team consisting of members from AAFAF,

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<sup>4</sup> Several of the matter categories do not appear in this summary because OMM did not bill a substantial amount of time under those categories during the Compensation Period. **Exhibits B1-B4** provide a complete summary of hours billed and total compensation requested by matter category.

Rothschild, and Bank of America Merrill Lynch.

**c) Employee Benefits and Pensions**

28. This category includes all time spent by OMM attorneys on matters related to employees of the Debtors, including the handling of union grievances and arbitrations. During the Compensation Period, OMM attorneys interfaced with certain unions to deal with outstanding grievances asserted against the Commonwealth and its agencies. OMM attorneys also analyzed the significance of such grievances and potential impact on an eventual plan of adjustment.

**d) Litigation**

29. This category includes analysis, preparation, and prosecution of adversary proceedings or other litigation that is not included in the separate litigation's matter number. Specifically, Rule 2004 motions are general Title III litigation matters. During the Compensation Period, OMM attorneys responded to (i) document requests from multiple entities, (ii) prepared a response, with supporting declarations to defend the Commonwealth's deliberative process objections in connection with the Renewed Joint Rule 2004 Motion submitted by the Ad Hoc Group of General Obligation Bondholders, Ambac Assurance Corporation, the Mutual Fund Group, and National Public Finance guarantee Corporation; (iii) prepared a motion to dismiss the Pinto-Lugo adversary complaint; (iv) provided analysis and advice in connection with the settlement of the Commonwealth-COFINA adversary proceeding; and (v) prepared the Government Appellants' responding brief in Ambac's appeal to the First Circuit of Judge Swain's order dismissing the Ambac v. Commonwealth adversary complaint.

**e) Relief from Stay and Adequate Protection**

30. This category includes all matters relating to requests for relief from the automatic stay or for adequate protection, including assisting the Commonwealth to respond, defend, and settle such requests. During the Compensation Period, OMM analyzed the applicability of the

automatic stay to pending federal and state litigation against the Commonwealth and responded to dozens of requests to lift the Title III Stay, either by motion or lift stay notice. OMM frequently conferred with movants and the Oversight Board in an attempt to resolve motions consensually, and when consensual resolution was reached, OMM drafted stipulations outlining the agreements.

**f) Mediation**

31. This category includes all work, time, and communications related to the Title III mediation process. During the Compensation Period, OMM attorneys prepared for and participated in several mediation sessions, and assisted AAFAF and other professionals retained by AAFAF to respond to questions submitted in advance of and during the mediation sessions.

**g) Plan of Adjustment**

32. This category includes all work done regarding the negotiation and drafting of the plan of adjustment. During the Compensation Period, OMM professionals researched various issues regarding plans of adjustment and drafted relevant strategic memoranda analyzing multiple issues affecting an eventual plan of adjustment. OMM attorneys also conducted lien searches and drafted analyses relating to the Commonwealth's various debt issuances. In addition, OMM professionals closely worked and coordinated with AAFAF and its financial advisors in evaluating potential capital and financial structures.

**h) Commonwealth-General Corporate Matters**

33. This category includes corporate matters not directly related to the Title III Cases. During the Compensation Period, OMM attorneys prepared letters on behalf of AAFAF in connection with various transactions, advised AAFAF in preparation for Oversight Board meetings, and attended the same. OMM attorneys also attended conferences with financial advisors, analyzed various issues regarding nondisclosure agreements, and engaged in strategic discussions on behalf of AAFAF.

**i) Commonwealth-UPR**

34. This category includes all matters relating to AAFAF in connection with ongoing restructuring efforts related to UPR, which at the present time is not a Title III debtor. During the Compensation Period, OMM professionals negotiated a six month forbearance with an ad hoc group of UPR bondholders and continued discussions regarding a potential Title VI restructuring transaction. OMM professionals also prepared for and attended mediation regarding the suspension of lump-sum payments to participants in UPR's deferred compensation plan. Following the successful completion of mediation, the OMM team assisted in negotiating and finalizing a related settlement agreement.

**j) Commonwealth-PBA**

35. This category includes all matters relating to AAFAF in connection with ongoing restructuring efforts related to Puerto Rico Public Buildings Authority ("PBA"), which at the present time is not a Title III debtor. During the Compensation Period, OMM professionals analyzed potential restructuring transactions for PBA, including conducting a debt analysis and an analysis of certain tax implications. OMM also continued discussions with two different ad hoc creditor groups regarding a potential forbearance agreement, and assisted PBA in responding to various due diligence inquiries from such groups.

**k) Commonwealth-Pensions**

36. This category includes all services provided to AAFAF in connection with OMM's analysis of the treatment of pensions under PROMESA and under applicable bankruptcy and non-bankruptcy law. Considerable time from various OMM attorneys was devoted to analyzing pension issues raised in various adversary proceedings, and drafting a legal memorandum regarding pension issues in the Title III cases.

**l) Commonwealth-PREPA**

37. In addition to the services provided directly to PREPA and billed pursuant to the PREPA Engagement Letter, OMM also assisted AAFAF in matters relating to PREPA's Title III case during the Compensation Period. Such efforts were not duplicative and involved separate, but carefully coordinated, work streams. During the Compensation Period, OMM attorneys spent considerable time strategizing and preparing briefing in connection with a motion filed certain of PREPA's bond insurance subsidiaries seeking to lift the automatic stay to appoint a receiver.

**m) Commonwealth-MBA**

35. This category includes all matters relating to the preparation and negotiation of MBA loan documents. During the Compensation Period, OMM engaged in dialogue regarding potential loan modifications for the Puerto Rico Metropolitan Bus Authority and the General Services Administration.

**n) FOMB Investigation**

40. This category relates to all work done in connection with the Oversight Board's investigation, conducted by Kobre & Kim, regarding the historical debt-issuance practices of the Commonwealth and certain of its instrumentalities as authorized under PROMESA Section 104(o). During the Compensation Period, OMM professionals spent considerable time engaged in discovery, including drafting confidentiality agreements, responding to document requests by Kobre & Kim and various statutory committees, and drafting and filing objections regarding the scope of the investigation and related document productions and the applicability of various privileges and immunities. Also during the Compensation Period, OMM attorneys communicated and coordinated with Kobre & Kim, coordinated with local counsel, made document productions, and reviewed the final report, published on August 20, 2018.



**o) Rossello v. FOMB**

43. This category relates to all work done in connection with the adversary proceeding involving Governor Rossello and the Oversight Board. A summary of key work streams related to this adversary proceeding during the Compensation Period is set forth above.

**ATTORNEY CERTIFICATION**

38. In accordance with Puerto Rico Local Bankruptcy Rule 2016-1(a)(4), the undersigned has reviewed the requirements of Puerto Rico Local Bankruptcy Rule 2016-1(a)(4) and certifies to the best of his information, knowledge, and belief that this Application complies with Puerto Rico Local Bankruptcy Rule 2016-1(a)(4). In this regard, and incorporated herein by reference, the *Certification of John J. Rapisardi* in accordance with the U.S. Trustee Guidelines is attached hereto as **Exhibit A**.

**NO PRIOR APPLICATION**

39. No prior application for the relief requested by this Application has been made to this or any other court.

**WHEREFORE**, OMM respectfully requests that the Court enter an order: (a) awarding OMM compensation for professional and paraprofessional services provided during the Compensation Period in the amount of \$4,967,118.86; (b) reimbursement of actual, reasonable and necessary expenses incurred in the Compensation Period in the amount of \$125,613.01; and (c) granting such other relief as is appropriate under the circumstances.

Dated: November 16, 2018  
New York, NY

Respectfully submitted,

/s/ John J. Rapisardi

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